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Attorneys for Defendant,
Thomas Clendening

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re
THE ELITE CAFÉ, INC.,
Debtor.

Case No. 06-31144-TC

Chapter 7

E. LYNN SCHOENMANN, Trustee,
Plaintiff,
vs.
THOMAS CLENDENING,
Defendant.

Adv. Proc. No. 07-03040-TC

ANSWER TO COMPLAINT

COMES NOW, Thomas Clendening, defendant herein, and answers plaintiff's Complaint as follows:

ANSWER TO GENERAL ALLEGATIONS

1. Answering the general allegations, defendant denies, generally and specifically, each and every allegation of Paragraphs 13 thereof; further answering said Paragraph 13, defendant alleges that a substantial portion of the cash proceeds allegedly received by him were in fact received by creditors of the debtor.

ANSWER TO FIRST CLAIM FOR RELIEF

2. Defendant denies, generally and specifically, each and every allegation of Paragraphs

1 14 through 18 of the Complaint; further answering the allegations of the First Claim for Relief,
2 defendant alleges that the Transfer was made on account of an antecedent debt, to wit, claims held
3 by him against The Elite Café, Inc. for salary, vacation pay, advances, and the like.

4 ANSWER TO SECOND CLAIM FOR RELIEF

5 3. Defendant denies, generally and specifically, each and every allegation of Paragraphs
6 19 through 22 of the Complaint; further answering the allegations of the Second Claim for Relief,
7 defendant alleges that the Transfer was made on account of an antecedent debt, to wit, claims held
8 by him against The Elite Café, Inc. for salary, vacation pay, advances, and the like.

9 ANSWER TO THIRD CLAIM FOR RELIEF

10 4. Defendant denies, generally and specifically, each and every allegation of Paragraphs
11 23 through 26 of the Complaint; further answering the allegations of the Third Claim for Relief,
12 defendant alleges that the Transfer was made on account of an antecedent debt, to wit, claims held
13 by him against The Elite Café, Inc. for salary, vacation pay, advances, and the like.

14 ANSWER TO FOURTH CLAIM FOR RELIEF

15 5. Defendant denies, generally and specifically, each and every allegation of Paragraphs
16 27 through 29 of the Complaint; further answering the allegations of the Fourth Claim for Relief,
17 defendant alleges that the Transfer was made on account of an antecedent debt, to wit, claims held
18 by him against The Elite Café, Inc. for salary, vacation pay, advances, and the like.

19 ANSWER TO FIFTH CLAIM FOR RELIEF

20 6. Defendant denies, generally and specifically, each and every allegation of Paragraphs
21 30 through 34 of the Complaint; further answering the allegations of the Fifth Claim for Relief,
22 defendant alleges that the Transfer was made on account of an antecedent debt, to wit, claims held
23 by him against The Elite Café, Inc. for salary, vacation pay, advances, and the like.

24 ANSWER TO SIXTH CLAIM FOR RELIEF

25 7. Defendant denies, generally and specifically, each and every allegation of Paragraphs
26 35 through 37 of the Complaint.

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1 FIRST AFFIRMATIVE DEFENSE

2 8. Defendant received the "Transfer" in good faith and gave substantial value therefor,
3 both by virtue of the antecedent debt which was discharged by the Transfer, and by the payment of
4 substantial obligations of the debtor; pursuant to Bankruptcy Code Section 548(c), defendant is
5 entitled to retain the Transfer to the extent thereof.

6
7 WHEREFORE, defendant prays::

- 8 1. That plaintiff take nothing by way of her Complaint;
9 2. For costs of suit herein; and
10 3. For such other and further relief as is proper in the premises.

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13 Date: April 26, 2007

MACDONALD & ASSOCIATES

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17 By: /s/ Iain A. Macdonald

18 IAIN A. MACDONALD
19 Attorneys for Defendant,
20 Thomas Clendening
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